

Filed for intro on 03/24/97

SENATE JOINT RESOLUTION 139
By Crutchfield

A RESOLUTION to direct the Tennessee Advisory Commission on Intergovernmental Relations to conduct a study of differential sales tax rates, job loss and revenue loss in relation to Tennessee border states and other relevant tax issues.

WHEREAS, Tennessee's state and local governments are heavily dependent upon the sales and use tax to fund essential public services; and

WHEREAS, Tennessee has a robust economy and has experienced rapid economic and population growth during this decade; and

WHEREAS, at the same time that our economy is booming and our unemployment rate is one of the lowest in the nation, the State of Tennessee is experiencing revenue growth that is below expectations; and

WHEREAS, at the same time our revenue shortfall is occurring, Tennessee continues to increase funding for TennCare, corrections, education, and for families and children, which increases the pressure on the state's revenue system; and

WHEREAS, while the state's sales and use tax is an important source of revenue, making up sixty-seven cents (\$0.67) of every dollar of the general fund according to the fiscal year 1997-98 State Budget, it fails to respond to an economy where non-taxed service industries are the fastest growing sector of the state's economy; and

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WHEREAS, Tennessee's tax system must compete with the tax systems of eight (8) other states bordering Tennessee, which have differential tax rates; and

WHEREAS, many Tennesseans find it advantageous to cross over to these border states to buy their food, clothing and other consumption items; and

WHEREAS, the leakage of Tennessee's sales tax revenues to other states was last studied by the General Assembly in 1985 by the Special Joint Legislative Task Force on State and Local Tax Structure; now, therefore,

BE IT RESOLVED BY THE SENATE OF THE ONE-HUNDREDTH GENERAL ASSEMBLY OF THE STATE OF TENNESSEE, THE HOUSE OF REPRESENTATIVES CONCURRING, That the Tennessee Advisory Commission on Intergovernmental Relations is directed to conduct a study of differential sales tax rates, job loss, and revenue loss in relation to Tennessee border states, and other relevant tax issues.

BE IT FURTHER RESOLVED, That the Tennessee Advisory Commission on Intergovernmental Relations shall report its findings and recommendations to the General Assembly no later than January 20, 1998.